

LFC Requester:

Jennifer Faubion

### AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

#### SECTION I: GENERAL INFORMATION

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Date Prepared: 01/31/2025

Check all that apply:

Bill Number: SB186

Original  Correction   
Amendment  Substitute

Sponsor: Sen. Peter Wirth  
Sen. George K. Muñoz

Agency Name and Code Number: 305 – New Mexico  
Department of Justice

Person Writing

Short Title: MULTIFAMILY  
HOUSING VALUATION

Analysis: Blaine N. Moffatt

Phone: 505-537-7676

Email: legisfir@nmag.gov

#### SECTION II: FISCAL IMPACT

##### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

##### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

##### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

*This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.*

**BILL SUMMARY**

Synopsis:

Senate Bill 186 (“SB186”) proposes new language and corrects citations and grammar within the existing statute of NMSA 1978, Section 7-36-15 METHODS OF VALUATION FOR PROPERTY TAXATION PURPOSES--GENERAL PROVISIONS.

Section 1 proposes an updated citation from the current statute NMSA 1978, Section 7-36-33 to Section 7-36-34 to accommodate the proposed amendment discussed below. SB 186 Section 1 also corrects a spelling error from “benefitting” to “benefiting”.

Section 2 proposes new language in a new section, NMSA 1978, Section 7-36-34 SPECIAL METHOD OF VALUATION--CERTAIN RESIDENTIAL MULTIFAMILY HOUSING. The proposed language in SB186 explains the valuation of Multifamily Housing and the proper property tax method, including that (1) an increase in the value of the property shall be limited to NMSA 1978, Section 7-36-21.2; (2) the per-unit value of a multifamily housing complex in a tax year shall not exceed an amount equal to the total property value divided by the number of units in the multifamily housing, multiplied by forty percent; and (3) no value shall be attributed to amenities or ancillary improvements to the property other than multifamily housing units.

Part B of Section 2 proposes language for valuation when a multifamily housing unit is newly constructed. Such valuation is the lower of (1) the current and correct value; or (2) the actual costs of the building and land combined, proven by evidence of such value to the county assessor.

Part C of Section 2 proposes a definition for “Multifamily Housing” as meaning a “residential property with five or more units that are regularly rented or leased, or available to rent or lease, to tenants pursuant to a written lease for a term of thirty days or longer.”

Section 3 provides the effective date of the property tax valuation as 2026.

**FISCAL IMPLICATIONS**

N/A

**SIGNIFICANT ISSUES**

N/A

**PERFORMANCE IMPLICATIONS**

N/A

**ADMINISTRATIVE IMPLICATIONS**

N/A

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

N/A

**TECHNICAL ISSUES**

N/A

**OTHER SUBSTANTIVE ISSUES**

N/A

**ALTERNATIVES**

N/A

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status Quo

**AMENDMENTS**

N/A